

Defense Logistics Agency  
Information Services Activity Group  
FY 2000-2001 Biennial Budget Estimate  
Fiscal Year (FY) 2000 Budget Estimate  
February 1999

I. Narrative Description

The Information Services Activity Group was revised to include a Defense Logistics Agency (DLA) element at the beginning of FY 1996. It consists of the single Central Design Activity, the DLA System Design Center (DSDC) and the Defense Automated Addressing System Center (DAASC). DSDC was formed from existing DLA Defense-Wide Working Capital Fund organizational elements. DSDC has eight major locations throughout the Continental United States that are in close proximity to the customer base supported.

During FY 1998, DSDC has continued to strive to meet the requirements of its customers in a competitive software development environment. However, initiatives such as the Clinger-Cohen and Government Performance Results Act, as well as rapid advances in the information technology, has resulted in a shift from organic software support towards commercial support. DSDC was unable to meet its ambitious billable hour goal for FY 98 which was primarily responsible for their negative net operating result. This budget reflects that outsourcing trend via reduced DSDC customer requirements – resulting in a full time equivalents (FTE) decrease of 410 through FY 2005. DAASC FTEs are projected to remain constant.

## II. Description of Operations Financed

DSDC provides a broad range of CDA services, which include:

- requirements definition,
- systems design,
- modeling,
- development,
- testing,
- integration, and
- implementation support.

Additionally, documentation services are provided for customers who include the various Corporate Information Management Systems Design Organizations, the Defense Finance and Accounting Service, the Defense Distribution Systems Center, and the Defense Contract Management Command, as well as for DLA base level support systems.

Once systems are delivered (organically or via contractor) or for base level and legacy systems still in use, systems maintenance services are provided. Technical support services are available to support the mid-tier, end-user, local area network, and wide-area network interface environments, as well as for porting systems from non-DoD compliant technical platforms to DoD compliant platforms and software. Mid-tier/end-user ADP systems training and ADP procurement assistance services are also provided.

ACTIVITY GROUP PROFILE

( Dollars in millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Cost of Goods Sold	112.1	119.4	112.5
Net Operating Result	-7.3	.3	-.1
Annual Operating Result	-8.2	-7.9	-8.0
Workload (Billable Hours)	1,162K	1,220K	1,135K
Customer Rate Per Hour (Dollars)	\$57.24	\$64.61	\$75.09
Civilian End Strength	1,097	1,072	819
Military End Strength	9	9	9
Civilian Full-Time Equivalents	1,090	1,089	1,000
Capital Budget Program Authority	2.2	2.6	3.8

**Revenue and Expenses**  
**Defense Logistics Agency**  
**Information Services Business Area**  
**FY 2000-2001 Biennial Budget Estimates**  
**February 1999**  
**(Dollars In Millions)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
Revenue:			
Gross Sales	73.6	77.5	82.6
Operations			
Capital Surcharge			
Depreciation exc Maj Const	2.4	2.4	2.1
Major Construction Dep			
Other Income	28.8	39.8	27.7
Refunds/Discounts (-)	_____	_____	_____
Total Income:	104.8	119.7	112.4
Expenses:			
Salaries and Wages:			
Military Personnel	0.8	0.8	0.9
Civilian Personnel	71.2	75.5	81.9
Travel and Transportation of Personnel	2.1	4.4	3.3
Materials, Supplies (For internal Operatioi	1.6	1.0	0.5
Other Purchases from Revolving Funds	5.7	7.4	6.7
Transportation of Things	0.0	0.1	0.1
Depreciation - Capital	2.4	2.4	2.1
Equipment	0.6	1.9	1.1
Other Purchased Services	27.7	25.9	15.9
	112.1	119.4	112.5
Operating Result	(7.3)	0.3	(0.1)
Net Operating Result	(7.3)	0.3	(0.1)
Prior Year AOR	(0.9)	(8.2)	(7.9)
Accumulated Operating Result	(8.2)	(7.9)	(8.0)

**Source of New Orders and Revenue**  
**Defense Logistics Agency**  
**Information Services Business Area**  
**FY 2000-2001 Biennial Budget Estimates**  
**February 1999**  
**(Dollars in Millions)**

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
1. New Orders:			
a. Orders from DLA Components			
DCMC	9.4	9.2	10.2
DLA DWCF	61.8	81.7	65.2
b. Orders from Other Fund Business Areas			
DFAS	7.3	10.7	11.9
Other DoD	4.1	2.0	2.0
Other DoD (DAASC Funding)	14.9	16.2	15.5
c. Total DoD	97.5	119.8	104.8
d. Other Orders:	0.9	1.0	1.0
2. Carry-In Orders	26.7	20.3	21.4
3. Total Gross Orders	125.1	141.1	127.2
4. Funded Carry-over	20.3	21.4	14.8
5. Total Gross Sales	104.8	119.7	112.4

**Changes in Cost of Operations  
Defense Logistics Agency  
Information Services Business Area  
FY 2000-2001 Biennial Budget Estimates  
February 1999  
(\$ in Millions)**

	<u>Expenses</u>
FY 1998 Actual	112.1
FY 1999 Estimate in President's Budget	125.4
Pricing Adjustments:	
Civilian Personnel	0.8
Program Changes:	
Other purchased Services (contractors)	-10.0
Non-Labr	3.2
FY 1999 Current Estimate:	119.4
Pricing Adjustments:	
Annualization of Prior Year Pay Raises	0.4
FY 1999 Pay Raise	
Civilian Personnel	2.9
Military Personnel	0.1
General Purchase Inflation	0.6
Labor:	
Personnel reduction:	-7.2
VSIP/VERA	10.3
Non Labor:	
Travel	-1.2
Supplies	-0.5
Equipment	-0.8
Intrafund Purchases	-1.6
Productivity:	
Program Changes:	
Other purchased Services (contractors)	-10.1
Other	0.2
FY 2000 Estimate:	112.5
Pricing Adjustments:	
Annualization of Prior Year Pay Raises	0.4
FY 2001 Pay Raise	
Civilian Personnel	2.4
Military Personnel	
General Purchase Inflation	0.5
Productivity:	
Labor reduction	-13.7
VSIP/ VERA	-8.0
non-labor	-3.7
FY 2001 Current Estimate:	90.4